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Spotlight ON FOREIGN MARKETING

TO FAS MARKET DEVELOPMENT COOPERATORS AND AGRICULTURAL ATTACHES

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AGRICULTURE AND THE BALANCE-OF-PAYMENTS

(Printed in response to the requests of attaches and cooperators attending the April 20-23 Bogota meeting. We hope the information will be useful. A more complete statement on agriculture and the balance-of-payments is being prepared and will be mailed to you shortly.)

According to the Agricultural Committee of the American Bankers Association, "All Americans should be thankful for the tremendous contribution which our record-shattering agricultural exports have made and are making: (a) to a more favorable balance of trade; (b) to what otherwise would be a more serious imbalance of international payments; and (c) to a slowing down of the drain overseas of our gold and dollars..."

Secretary Freeman put it this way in a recent speech:

"Three-fourths of our agricultural exports are in the form of commercial sales for dollars. One-fourth takes place under the Food for Peace program. It is our objective, and it will continue to be our objective, to convert Food for Peace shipments into dollar sales, as fully and as rapidly as possible.

"The gain in agricultural exports compares impressively with the gain in industrial exports, even though industry's foreign trade volume is about four times bigger than agriculture's.

"The cumulative increase in dollar exports since 1960 totaled $7.3 billion, excluding foreign aid financing. Of this total, agriculture contributed $2.7 billion and industry $4.6 billion. Thus agriculture, while it has accounted for only one-fifth of foreign trade volume, has accounted for two-fifths of the dollar increase in export earnings in recent years.

"Now let's focus on what agriculture did in the way of helping our balance of payments in one year—calendar year 1964.

"In 1964 cash sales of farm products totaled $4.6 billion. But that's not all. Exports under Public Law 480 also helped us avoid certain foreign dollar expenditures, and thus contributed to a favorable balance of payments position. Foreign currencies generated under Title I of 480 paid for part of our embassy expenses and military obligations, and supported market de-

velopment projects as well. Our barter program also helps to save dollars. We estimate that up to $350 million in foreign expenditures were avoided in 1964 through features of the P.L. 480 program. When we add these to the $4.6 billion of dollar export earnings, the total comes to almost $5 billion...

"This is an impressive amount. But I predict that it will grow considerably larger with the passing years. We have the products, we have an effective industry-Government sales partnership in operation, we have an expanding demand overseas, we have the determination to build further—and we will build further."

MARKETING PLANS STRESSED AT LATIN AMERICA WORKSHOP

A case study of marketing plans featured the market development workshop at Bogota, Colombia, April 20-23. Twenty-six cooperators, agricultural attaches and embassy budget and fiscal officers attended.

The workshops opened with a two-day session on administration similar to those recently held in Europe and Japan. This was followed by a two-day session on marketing plans at which designated cooperator representatives and agricultural attaches went through the mental processes of developing case studies for marketing plans in Latin America. Selected examples of the marketing situations for wheat, soybeans, feed grains, and dairy products were analyzed and discussed by the group. Out of these discussions evolved statements of the marketing problems and opportunities, the market development strategy and setting of goals, and the selection of appropriate activities. This was followed by a review of the principles in developing the budget for the marketing plans, and a discussion of the control and review procedures once the market development projects get underway.

Ambassador Oliver spoke at the opening calling attention to the top priority of agriculture and market development in U. S. plans for assistance to Latin America. The Ambassador also gave a reception for the workshop delegates to which a large number of Colombian trade representatives and government officials were invited.

The FAS team for the workship was composed of Dave Hume, Reiter Webb, and Francis Harrell. Dave says the workshop made a definite contribution to better understanding of the program in Latin America, and brought out a number of ideas for strengthening and increasing its effectiveness. Particularly striking was the realization by the participants of the importance of considering all possible alternatives in developing a marketing plan. Similar marketing plans workshops are being considered for other areas.

PRESIDENT CITES GAINS UNDER EXPORT PROGRAMS

The President had this to say about Food For Peace and market development in a message to Congress, March 31:

"As Food For Peace embarks on its second decade, there is growing indi-

A scene at the market development workshop at Botota. Twenty-six cooperators, agricultural attaches and embassy representatives attended the 4-day session.

cation of the program's substantial contribution to the development of commercial markets for our farm products as well as purely humanitarian efforts. Commercial sales of U. S. agricultural commodities overseas reached a new high of $4.6 billion during this year, more than double the commercial agricultural exports of 1954 when P.L. 480 was first enacted.

"The P.L. 480 sales programs are designed to strengthen the economies of the recipient countries and thus hasten the day when they can finance their import requirements on commercial terms. Following are highlights of these sales programs:

--Food For Peace exports under Title I (sales for foreign currencies) reached a record high in 1964 of almost $1.2 billion. Shipments amounted to more than 14 million tons, surpassing the previous peak of 13.9 million tons set in 1963.

--Public Law 480-generated currencies are paying U. S. overseas expenses, conserving dollars and strengthening our balance of payments position. Reimbursements to the Commodity Credit Corporation through 1964 by U. S. Government agencies utilizing these currencies totaled almost $1.1 billion. Additional reimbursements also resulted from barter programs as U. S. agencies financed overseas procurement of goods and services with P. L. 480 commodities. Such reimbursements from both programs totaled over a third of a billion dollars in 1964.

--Our balance of payments position is also benefiting from increased activity under Title IV, long-term dollar credit sales. Almost one million tons of agricultural commodities at an export market value of $93 million, were shipped overseas in 1964 under Title IV, also a new record. Title IV dollar repayments on principal and interest from previous sales are being made in increasing volume. Repayments during 1964 totaled $5.4 million, compared to $2.3 million in 1963."

LOW-COST PICTURE SHOW

Harold West, Administrator, Idaho Wheat Commission, happens to be a skillful photographer. Last year he was a member of a Western Wheat Associates-Great Plains Wheat sales team to the Far East. To assist in reporting to the folks back home, he took color slides of Wheat Associates' activities in Japan, The Philippines, Hong Kong, India, and Pakistan.

On returning to the U. S., Harold wrote a 30-minute script to narrate the 80 slides he had selected. A local radio announcer did the narration and produced the tape. Result - Harold now has a professional slide show at a production cost of about $200 for showings at wheat meetings, service clubs, etc.

All that is required for showings is a modern automatic projector and play back machine for magnetic tapes. An impulse on the tape flicks the next slide. Cost of additional sets of the tape narration and slides are about $40.

Cooperators interested in this slide presentation technique can get further details by writing Harold West, 6123 Northview, Boise, Idaho.

FAS HONOR AWARDS

The 1965 FAS Incentive Awards Ceremony, April 20, included Certificates of Merit for Sustained Above-Average Performance to the following market development workers:

Frederick M. Lege - "For his success in solving numerous marketing problems that have been impeding exports of livestock from the United States, and in designing facilities for shipping calves by air."

Robert S. FitzSimmonds - "For exceptional performance in operation of market development projects for various fruit and vegetable items in Western Europe and Japan."

THE WORD IS AUTOMATION

The Publicity Center of the Swiss Cotton and Embroidery Industry, an agency cooperating with Cotton Council International, is taking advantage of the world-wide interest in automation to get its story told in Switzerland.

The Center recently invited the press on a bus tour of the wonders of automation in cotton textiles, including the automatic weaving machines, automation of yarn dyeing, and use of data processing equipment. Over a score of journalists from Switzerland and other countries were present for the occasion. Attache Print Hudson was among those on the trip.

Print writes: "The overall impression presented by this long, strenuous, but highly absorbing one-day trip, was that of a modern, progressive, forward-looking cotton industry. This was confirmed by subsequent reports in the press, which varied from detailed discussion of machinery in the more technical papers to reports about new cotton fabrics and finishes in the fashion press."

ATTACHE ASSIGNMENTS

Art Rollefson, Program Development Division, effective early June, will be the attache in Copenhagen, replacing Harold Koeller, who will be taking over the attache post in Leopoldville. Paul Ferree is being assigned as the attache to Rabat.

John Kross (Geneva) and Russ Hudson, agricultural officer in Hamburg, are due back soon for FAS/Washington assignments. Alan Trick from ASCS will be the new agricultural officer in Hamburg.

John Scholl, Director, Sugar and Tropical Products Division, is going to Mexico City, replacing Henry Hopp, who is being assigned to FAS/Washington. Bob FitzSimmonds, Fruit and Vegetable Division, will be an assistant attache in Mexico City.

Frank Ehman, Program Development Division, is going to Trinidad, replacing Bill Callan, who will be taking an FAS/Washington assignment.

MAJOR AGRICULTURAL EXHIBIT SCHEDULED FOR MADRID FAIR

Seven cooperators will be working with FAS on a major agricultural exhibit at the sixth International Feria del Campo in Madrid May 21-June 21.

The Madrid Fair, held every three years, is considered one of Europe's leading trade shows, with an expected attendance of four to five million people. The 20,000-square-foot U. S. exhibit, featuring American beef, feed grains, tallow, soybeans, poultry, nonfat dry milk, and wheat products, will be one of 12 national exhibits to display and promote food and agricultural products.

A feature of the U. S. exhibit will be a 6,000-square-foot outdoor patio with a "Western" decor where Spanish fair visitors will be able to buy Ameri-

can roast beef sandwiches and hamburgers for the first time. An adjacent "Steakhouse—USA" will feature American steak dinners—a promotion aimed specifically at leaders of Spain's hotel, restaurant and caterers trades.

Spain currently ranks among the leading dollar markets for U. S. farm exports, with average annual purchases exceeding $100 million in recent years.

HERE and THERE

Plans for greatly expanded cotton promotion are being discussed by the member countries of the International Cotton Advisory Committee. Favorable consideration was given at regional meetings held at Mexico City the week of March 14 and at Cairo the week of April 18, preparatory to a possible action decision at the 1965 Plenary Meeting of ICAC, May 17-June 3 in Washington. The proposal includes plans for a central organization and means of financing the world promotion program.

The initial U. S. poultry promotion in Austria, last November, helped pave the way for future sales to that country. The promotion was organized by the Institute of American Poultry Industries with importers, restaurants, and retailers in the Salzburg area as a means of testing the promotional possibilities for the Austrian market. Most of the emphasis was on Turkey as a tie-in with the American Thanksgiving and "U. S. Week." The restaurants held four U. S. turkey days and weight guessing contests for customers. A wide variety of IAPI display materials were used, and the promotion was backed up by extensive publicity and trade advertising.

Great Plains Wheat had a staff conference of some of its U. S. and overseas personnel in Washington, April 7-9, and Kansas City, April 12-13. The main emphasis was on marketing plans and administration.

The European country directors of the U. S. Feed Grains Council had a staff conference in Rome the week of April 25. The marketing plans for each country were reviewed and discussed.

Judy Hill, the 1965 Maid of Cotton, will be at Madrid June 7, Barcelonia June 8-10, and Brussels (and other Belgium cities) June 11-14 on the annual MOC tour. Fashion shows and other events are planned, including a visit to the U.S. exhibit at the international trade fair in Madrid. On the completion of the market development tour, Judy will go to Lisbon for production of the annual MOC movie.

The Rice Council, following an evaluation of its overseas operations, is working on plans for expanded promotional activities in several countries. An advertising program in South Africa is among the items under consideration.

Dollar customers headed the list of our top export markets in calendar 1964. Japan was first with a total of $720 million. Other leading dollar markets were Canada $615 million, Netherlands $445 million, United Kingdom $440 million, W. Germany $435 million, Italy $221 million, Belgium $165 million, and France $149 million.

An 11-man Dairy Society International trade team has come back from a trip to Europe, Near East, and Far Eastern markets convinced that U. S. dairy products can be sold overseas. Of the markets visited the team thought Rotterdam, Beirut and Tokyo offered the best opportunities. While major potential seemed to be in selling butter and cheese, there were a number of inquiries concerning milk powder.

The sandwich promotion program of Wheat Associates in Japan has attracted the interest of butter, mustard, and mayonnaise manufacturers in that country. A national advertising company plans to run feature articles and recipes on sandwiches for these manufacturers in the leading women's magazines of Japan. A Japanese company recently sought Wheat Associates assistance in developing an automatic sandwich machine. The unit is now being demonstrated in several Japanese cities and commercial production will start soon.

Marketing plans from 13 cooperators, covering operations in fiscal 1966, are due in FAS/Washington May 15. Plans are to be submitted for each country operation where planned expenditures are $10,000 or more. A total of about 85 country plans are expected. Copies should be sent to the appropriate commodity division and to the Trade Projects Division.

California dates have tied-in with wheat in a promotion directed at Japanese bakers and confectioners. Baking demonstrations in five cities drew 1,076 participants, nearly double the number anticipated. Wheat Associates coordinated the program on behalf of the California Date Administrative Committee. The program is expected to increase imports of dates and bring about new uses for flour in Japan.

D. D. Hill, acting Country Director for Wheat Associates in Manila, reports that he now has the unique distinction of drawing a check for the smallest amount ever cashed by a Philippine bank. It happened this way. The WA accountant discovered an error of two centavos (about 1/2 U. S. cent) had been made in one of the vouchers. The only way to rectify it was to draw a check for that amount. This Mr. Hill did. The surprised bank cashed the check, and the account now balances.

As Spotlight went to press, the 1967 budget for market development was in the final throes of preparation. The budget will be reviewed by FAS and presented at budget hearings later this year.